



FISCAL MEMORANDUM

HB 27 - SB 74

February 15, 2023

SUMMARY OF BILL AS AMENDED (004114): Authorizes an eligible Tennessee HOPE scholarship student who has earned their first baccalaureate degree to continue to receive the HOPE scholarship if the student has earned their degree in less time than the projected completion time. Establishes that the scholarship is to be in the amount received by the student for the last semester in which the student was making satisfactory progress in the course of study that culminated with the student earning the student's first baccalaureate degree.

Requires such students to be admitted to and enrolled in coursework for a program of study in pursuit of an advanced degree within three months of the student receiving the first baccalaureate degree. Specifies that the student is only eligible to continue to receive the HOPE scholarship for the number of semesters that the student would have been eligible to receive the scholarship had the student not completed their program of study earlier than the projected time and within five years of initial enrollment.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures –

**\$4,763,600/FY23-24/Lottery for Education Account
Exceeds \$4,763,600/FY24-25 and Subsequent Years/
Lottery for Education Account**

Other Fiscal Impact – Funding in the amount of \$4,763,600 in FY23-24 and an amount exceeding \$4,763,600 in FY24-25 and each subsequent year will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.

Assumptions for the bill as amended:

- There are three eligible HOPE award types that students would be eligible to utilize under the proposed legislation: HOPE Scholarship, HOPE General Assembly Merit Scholarship (GAMS), and HOPE Aspire Award.
- Students are estimated to graduate approximately two semesters or one year earlier than the projected time frame of completion.
- Based on information provided by TSAC, the number of additional graduate school HOPE recipients are calculated for each eligible award type as follows:
 - HOPE Scholarship:

- Average award is \$5,700 per year;
- 473 students will be eligible and seek an advanced degree;
- Cost for remaining award is \$2,696,100 (473 students x \$5,700 award).
- HOPE GAMS:
 - Average award is \$6,700;
 - 185 students will be eligible and seek an advanced degree;
 - Cost for remaining award is \$1,239,500 (185 students x \$6,700 award).
- HOPE Aspire:
 - Average award is \$7,200;
 - 115 students will be eligible and seek an advanced degree;
 - Cost for remaining award is \$828,000 (115 students x \$7,200 award).
- The total increase in scholarship expenditures to allow recipients to use remaining semesters of eligible HOPE, HOPE GAMS and HOPE Aspire scholarship awards to pursue an advanced degree is estimated to be \$4,763,600 (\$2,696,100 HOPE + \$1,239,500 HOPE GAMS + \$828,000 HOPE Aspire) per year.
- The total recurring increase in state expenditures from the Lottery for Education Account is estimated to be \$4,763,600 in FY23-24 and to exceed \$4,763,600 each subsequent year as the number of participants is expected to increase.
- A portion of these students will be students that choose to attend graduate school who otherwise would not have. This will result in an increase in expenditures and an offsetting increase in tuition revenue for the University of Tennessee and the locally governed institutions. The precise increase cannot be reasonably determined; however, any net impact is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/lm